

How do Financial Incentives Affect the Intention of College Students to Adopt NFC Mobile Payment?

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The purpose of this study was to investigate the influence of financial incentives on trust, perceived risk, and the intention of college students to adopt the Near Field Communication (NFC) mobile payment, as well as their continuance intention to use NFC mobile payment after the promotional period. NFC mobile payment refers to non-touch payment from a NFC-enabled mobile device at retail locations for goods and services such as grocery stores, restaurants, hotels, and gas stations. A structural equation model was used to measure and analyze the main constructs and relationships proposed.

Diffusion of Innovation Theory provides a basis for studying consumers' adoption of NFC mobile payment. Rogers (2003) posited five stages that consumers undergo when making decision to accept or reject a technological innovation. The first three stages are operationalized in the research. The first stage is the knowledge stage. Financial incentives may be strong motivators for consumers to explore the new features and functions of NFC innovation in this stage and help to shape beliefs about innovations in the next stage. In the second stage, persuasion stage, trust and perceived risk that could affect their adoption of NFC mobile payment. In the third stage, decision stage, consumers' intention to adopt NFC mobile payment becomes apparent.

An online experiment carried out with 214 undergraduate students enrolled in a large class on introductory personal finance. However, 17.76% of these students had previously used NFC mobile payments, thus the final sample consisted of 176 students. The research found that the availability of financial incentives significantly decreased their perceived risk in adopting NFC mobile payment. However, financial incentives had no significant impact on trust, intention, and their continuance intention to use NFC mobile payment after the promotional period. This work was part of a pilot test for an experiment that will be conducted on a representative sample from the general population as part of a doctoral study. The research explores not only the availability of financial incentives, but also examines the differential impact between cash and discount offers, as well as between different amounts, and lengths of promotion periods.

Reference

Rogers, E. (2003). *Diffusion of Innovations* (5th ed.). New York, NY: Free Press.

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